

MISSOURI-KANSAS-TEXAS RAILROAD COMPANY

LAW DEPARTMENT
701 COMMERCE STREET
DALLAS, TEXAS 75202

ARTHUR M. ALBIN
General Attorney

RECORDATION NO. 13985
MAR 14 1983 10 30 AM
INTERSTATE COMMERCE COMMISSION
214-651-6742

3-073A070

No. MAR 14 1983
Date.....
Fee \$50.00

In reply refer to: 410.043-87
March 11, 1983

Mrs. Agatha L. Mergenovich
Secretary
Interstate Commerce Commission ICC Washington, D. C.
12th and Constitution Ave., N.W.
Washington, DC 20423

Re: Equipment Security Agreement dated as of March 11, 1983
between Missouri-Kansas-Texas Railroad Company and
First City Bank of Dallas covering a Secondhand Rail
Train consisting of 24 Rail-hauling Cars and 3 Rail-
letdown and Threader Cars.

Dear Mrs. Mergenovich:

I have enclosed an original and two counterparts of the document described
below, to be recorded pursuant to Section 11303 of Title 49 of the U. S.
Code.

This document is an Equipment Security Agreement, a primary document, dated
as of March 11, 1983.

The names and addresses of the parties to the documents are as follows:

The Debtor is Missouri-Kansas-Texas Railroad Company and its
address is 701 Commerce Street, Dallas, TX 75202.

The Secured Party is First City Bank of Dallas, One Main Place,
Dallas, TX 75250.

A description of the equipment covered by the document follows:

27 used or secondhand, flat railroad cars, with friction-bearing trucks,
equipped with racks, rollers, and other pieces of machinery consisting
of 24 rail-hauling cars and 3 rail-letdown and threader cars, bearing
the following Chicago, Rock Island and Pacific Railroad Company report-
ing marks and numbers:

Rail-hauling Cars

RI-97126 and 97127
RI-97129 through 97135, inclusive
RI-97137 through 97140, inclusive
RI-97142
RI-97144 through 97149, inclusive
RI-97152 through 97154, inclusive
RI-97156

MAILED
MAR 14 10 24 AM '83
FEE OPERATION BR.

Counterpart - Robert Kasse

MISSOURI-KANSAS-TEXAS RAILROAD COMPANY

LAW DEPARTMENT

Mrs. Agatha L. Mergenovich

- 2 -

March 11, 1983

Rail-letdown and Threader Cars

RI-97136, RI 97151, RI-97157

which cars shall be restenciled to bear the following Missouri-Kansas-Texas Railroad Company reporting marks and numbers:

M-100500 through M-100526, inclusive.

A fee of \$50 is enclosed. Please return the original and any extra copies not needed for the Commission for recordation to the undersigned for further distribution to the parties involved.

A short summary of the document to appear in the index follows:

Equipment Security Agreement dated as of March 11, 1983, between Missouri-Kansas-Texas Railroad Company, as Debtor, and First City Bank of Dallas, as Secured Party, covering a secondhand Rail Train consisting of 24 rail-hauling cars and 3 rail-letdown and threader cars bearing the following Chicago, Rock Island and Pacific Railroad Company reporting marks and numbers:

Rail-hauling Cars

RI-97126 and 97127
RI-97129 through 97135, inclusive
RI 97137 through 97140, inclusive
RI-97142
RI-97144 through 97149, inclusive
RI-97152 through 97154, inclusive
RI-97156

Rail-letdown and Threader Cars

RI-97136, RI-97151, RI-97157

which cars shall be restenciled to bear the following Missouri-Kansas-Texas Railroad Company reporting marks and numbers:

M-100500 through M-100526, inclusive.

Yours very truly,



Arthur M. Albin
General Attorney

AMA:vas
Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

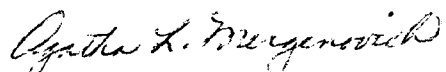
Arthur M. Albin
General Attorney-Law Dept.
Missouri-Kansas-Texas RR Co.
701 Commerce Street
Dallas, Texas 75202

March 14, 1983

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 3/14/83 at 10:30AM , and assigned re-recording number(s). 13985

Sincerely yours,


Agatha L. Mergenovich
Secretary

Enclosure(s)

RECORDATION NO. 13925
MAR 14 1983 .70 30 AM
INTERSTATE COMMERCE COMMISSION

EQUIPMENT SECURITY AGREEMENT

THIS EQUIPMENT SECURITY AGREEMENT is entered into as of March 11, 1983, between MISSOURI-KANSAS-TEXAS RAILROAD COMPANY, a Delaware corporation ("Debtor"), and FIRST CITY BANK OF DALLAS, a Texas banking corporation ("Secured Party").

FOR VALUABLE CONSIDERATION, the receipt and adequacy of which are hereby acknowledged, Debtor hereby covenants and agrees with Secured Party as follows:

1. Certain Definitions. Unless otherwise defined herein, or the context hereof otherwise requires, each term defined in the UCC is used in this agreement with the same meaning; provided that if any definition given a term in Chapter 9 of the UCC conflicts with the definition given that term in any other chapter of the UCC, the Chapter 9 definition shall prevail. As used herein, the following terms have the meanings indicated:

Business Day means every day on which Secured Party is open for banking business.

Collateral has the meaning set forth in Paragraph 5.

Contract Rate has the meaning set forth in Paragraph 3(c).

Debtor Relief Laws means the Bankruptcy Code of the United States of America and all other applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, receivership, insolvency, reorganization, suspension of payments, or similar debtor relief Laws from time to time in effect affecting the rights of creditors generally.

Default has the meaning set forth in Paragraph 8.

Highest Lawful Rate means the maximum rate of interest (or, if the context so requires, an amount calculated at such rate) which Secured Party is allowed to contract for, charge, take, reserve, or receive under applicable law after taking into account, to the extent required by applicable law, any and all relevant payments or charges under the Related Papers.

Laws means all applicable statutes, laws, ordinances, regulations, orders, writs, injunctions, or decrees of any state, commonwealth, nation, territory, possession, county, parish, municipality, or Tribunal.

Lien means any lien, mortgage, security interest, charge, or encumbrance of any kind, including, without limitation, the rights of a vendor, lessor, or similar party under any conditional sales agreement or other title retention agreement or lease substantially equivalent thereto, and any other right of or arrangement with any creditor to have such creditor's claim satisfied out of any property or assets, or the proceeds therefrom, prior to the general creditors of Debtor.

Loan Account means an account established with Secured Party, in which will be recorded (a) as a debit, the amount of the loan disbursed under Paragraph 2, and (b), as a credit, each payment on the Principal Obligation.

Obligation means all present and future obligations and liabilities, and all renewals and extensions thereof, or any part thereof, now or hereafter owed to Secured Party by Debtor, arising from, by virtue of, or pursuant to this agreement (as amended, supplemented, renewed, or extended from time to time), together with all interest accruing thereon and costs, expenses, and attorneys' fees incurred in the enforcement or collection thereof, whether such obligations and liabilities are direct, indirect, fixed, contingent, liquidated, unliquidated, joint, several, or joint and several or were, prior to acquisition thereof by Secured Party, owed to some other person or entity. The foregoing includes otherwise unsecured future advances, it being the intention and contemplation of Debtor and Secured Party that future advances will be made to Debtor for a variety of purposes, that Debtor may guarantee (or otherwise become directly or contingently obligated with respect to) the obligations of others to Secured Party, that from time to time overdrafts of Debtor's accounts with Secured Party may occur, and that Secured Party may from time to time acquire from others obligations of Debtor to such others, and that payment and repayment of all of the foregoing are intended to and shall be part of the Obligation secured hereby.

Obligor means any person or entity obligated with respect to any of the Collateral, whether as an account debtor, obligor on an instrument, issuer of securities, or otherwise.

Permitted Liens means (a) the Security Interest and any other Liens in favor of Secured Party, (b) Liens for taxes not yet due and payable, (c) mechanic's Liens and materialman's Liens for services or materials for which payment is not yet due, and (d) other Liens Secured Party hereafter approves in writing.

Principal Obligation means the unpaid principal balance, at the time in question, of the loan made to Debtor by Secured Party pursuant to Paragraph 2.

Related Papers means (a) this agreement, (b) all present and future agreements and documents now or hereafter assuring or securing payment of the Obligation or any part thereof, (c) all agreements and documents now or hereafter executed in connection herewith, and (d) any and all future renewals and extensions or restatements of, or amendments or supplements to, all or any part of the foregoing.

Rolling Cars has the meaning set forth in Paragraph 5(a).

Security Interest means the security interest granted and the pledge and assignment made under Paragraph 4.

Tribunal means any court or governmental department, commission, board, bureau, agency, or instrumentality of the United States or of any state, commonwealth, nation, territory, possession, county, parish, or municipality, whether now or hereafter constituted and/or existing.

UCC means the Uniform Commercial Code as enacted in the State of Texas or other applicable jurisdiction, as amended at the time in question.

2. Loan. Upon and subject to the terms and conditions of this agreement, Secured Party agrees to loan to Debtor \$275,000, in a single disbursement, for financing the purchase of the Rolling Cars by Debtor from William M. Gibbons, Trustee for the property of Chicago, Rock Island and Pacific Railroad Company, Debtor. Such loan may be disbursed all or in part to Debtor or directly to the seller of the Rolling Cars at the direction of Debtor; provided that Secured Party shall have no obligation to make any such disbursement after 2:00 p.m. Dallas time on April 1, 1983.

3. Obligations to Pay.

(a) Loan Account. The duties of Debtor to pay the Obligation arising under this agreement shall be governed exclusively by the terms of this agreement, and the Obligation arising under this agreement shall not be evidenced by notes, instruments, or other evidences of indebtedness. The debit balance of the Loan Account shall reflect the amount of the Principal Obligation owed to Secured Party from time to time by reason of transactions under this agreement.

(b) Payments and Prepayments. The Principal Obligation shall be due and payable in 44 equal, consecutive, monthly installments of \$6,250 each, commencing on April 10, 1983, and on the 10th day of each calendar month thereafter, to and including November 10, 1986. Interest on the Principal Obligation shall be due and payable as it accrues in accordance with this agreement on each date an installment of the Principal Obligation is due and payable. Debtor shall be entitled from time to time and at any time to prepay all or any portion of the Principal Obligation or accrued interest thereon, without premium or penalty, and all prepayments shall be applied first to accrued interest on the Principal Obligation and then to installments of the Principal Obligation in inverse order of maturity.

(c) Interest. Debtor shall pay to Secured Party interest on the Principal Obligation outstanding from day to day at a rate per annum which shall from day to day be equal to the lesser of (i) the sum of 1% plus the prime interest rate of Secured Party in effect (whether or not actually charged in all instances) from time to time (subject to the next sentence), calculated on the basis of actual days elapsed, but computed as if each calendar year consisted of 360 days (the "Contract Rate"), or (ii) the Highest Lawful Rate. The prime interest rate of Secured Party in effect on the 11th day of each calendar month shall remain in effect under this agreement (notwithstanding other changes therein for loans extended by Secured Party to other persons or entities) through and including the 10th day of the succeeding calendar month. Each change in the rate of interest charged under this agreement shall, subject to the terms of this Paragraph 3(c), become effective, without notice to Secured Party, on the effective date of each change in the Contract Rate or the Highest Lawful Rate, as the case may be. Notwithstanding the foregoing, if at any time the Contract Rate exceeds the Highest Lawful Rate, the rate of interest on the Principal Obligation shall be limited to the Highest Lawful Rate, but any subsequent reductions in the Contract Rate shall not reduce the rate of interest on the Principal Obligation below the Highest Lawful Rate until the total amount of interest accrued on the Principal Obligation exceeds the amount of interest which would have accrued on the Principal Obligation if the Contract Rate had at all times been in effect. In the event that at maturity (stated or by acceleration) or at final payment of the Principal Obligation, the total amount of interest paid or accrued on the Principal Obligation is less than the amount of interest which would have accrued on the Principal Obligation if the

Contract Rate had at all times been in effect, then, at such time and to the extent permitted by Law, Debtor shall pay to Secured Party an amount equal to the difference between (x) the lesser of the amount of interest which would have accrued on the Principal Obligation if the Contract Rate had at all times been in effect and the amount of interest which would have accrued on the Principal Obligation if the Highest Lawful Rate had at all times been in effect, and (y) the amount of interest actually paid or accrued on the Principal Obligation.

(d) Place and Manner of Payments. Each payment of principal and interest owed to Secured Party under this Paragraph 3 shall be payable to Secured Party at its principal office in Dallas, Dallas County, Texas. In any case where a payment of principal or interest on the Obligation is due on a day which is not a Business Day, Debtor shall be entitled to delay such payment until the next succeeding Business Day, but interest shall continue to accrue until the payment is in fact made. All past due Principal Obligation or accrued interest thereon shall bear interest, payable upon demand, at the Highest Lawful Rate from the date due (stated or by acceleration) until paid.

4. Security Interest. In order to secure the full and complete payment and performance of the Obligation when due, Debtor hereby grants to Secured Party a security interest in the Collateral and pledges and assigns the Collateral to Secured Party, all upon and subject to the terms and conditions of this agreement. Such security interest is granted and pledge and assignment are made as security only and shall not subject Secured Party to, or transfer or in any way affect or modify, any obligation of Debtor with respect to any of the Collateral or any transaction involving or giving rise thereto.

5. Collateral. As used herein, the term "Collateral" means the following items and types of property: (a) The 27 used or second-hand, flat railroad cars, with friction-bearing trucks, equipped with racks, rollers, and other pieces of machinery, consisting of 24 rail-hauling cars and 3 rail-letdown and threader cars (the "Rolling Cars"), all as more particularly described on Schedule I attached hereto and made a part hereof for all purposes; (b) all present and future accessions, attachments, and other additions to, tools, parts, and equipment used in connection with, and substitutes and replacements for, all or part of the Collateral heretofore described; and (c) all present and future accounts, general intangibles, chattel paper, documents, instruments, cash and noncash proceeds, and other rights arising from or by virtue of, or from the voluntary or involuntary sale or other disposition of, or collections with respect to, or insurance proceeds payable with respect to, or proceeds payable by virtue of warranty or other claims against manufacturers of, or claims against any other persons or entities with respect to, all or any part of the Collateral heretofore described in this clause otherwise; provided that the description of Collateral contained in this Paragraph 5 shall not be deemed to permit any action prohibited this by agreement or by terms incorporated in this agreement.

6. Representations and Warranties. Debtor represents and warrants to Secured Party that: (a) Debtor (i) is duly organized, validly existing, and in good standing in the jurisdiction of its formation, (ii) possesses all requisite authority, power, licenses, permits, and franchises to conduct its business and execute, deliver, and comply with the terms of the Related Papers, which have been duly authorized and approved by all necessary corporate action and for which no approval or consent of any Tribunal or other person or entity is required which has not been obtained, and (iii) has not used or transacted business under any other corporate, assumed, or trade name in the five-year period preceding the

date hereof; (b) all financial statements of Debtor heretofore furnished to Secured Party fairly present the financial condition of Debtor as of the date or dates thereof, Debtor has no material direct or indirect, fixed or contingent liabilities not reflected therein or the notes thereto, and, except for transactions heretofore disclosed to Secured Party in writing and transactions contemplated by the Related Papers, there have been no material adverse changes in the financial condition of Debtor since the date of the most recent financial statement of Debtor furnished to Secured Party; (c) the execution, delivery, and performance of and compliance with the terms of the Related Papers will not cause Debtor to be in violation of or default under any applicable Laws, the Certificate of Incorporation and Bylaws of Debtor, or any material agreement, document, or instrument to which Debtor is a party or by which any of its assets may be bound; (d) Debtor is not involved in, or aware of the threat of, any material litigation, which, if determined adversely to Debtor, could have a material and adverse effect on Debtor's financial condition, and there are no unpaid or outstanding final judgments against Debtor; (e) all federal, state, foreign, and other tax returns of Debtor required to be filed have been filed, and all federal, state, foreign, and other taxes imposed upon Debtor which are due and payable have been paid, other than taxes being contested in good faith; (f) the proceeds of the loan under Paragraph 2 will be used solely for the purchase of the Rolling Cars which are equipment that will have a useful life in excess of one year, and such loan is not evidence of an investment by Secured Party in Debtor; (g) Debtor's place of business and chief executive office and the location of Debtor's books and records concerning any of the Collateral that is accounts are where Debtor is entitled to receive notices hereunder; all the Rolling Cars are and will be located in the States of Texas, Oklahoma, Missouri, and Kansas; and all such books and records and all the Collateral are in Debtor's possession; (h) Debtor owns all presently existing Collateral, and will acquire all hereafter-acquired Collateral, free and clear of all Liens except Permitted Liens; and (i) there are no significant material facts or conditions relating to the loan under Paragraph 2 hereof, any of the Collateral, and/or the financial condition and business of Debtor, which could, collectively or individually, cause a material and adverse effect on Debtor's financial condition, business operations, or prospects or on Debtor's ability to perform its obligations under the Related Papers and which have not been related, in writing, to Secured Party; and all writings heretofore or hereafter exhibited or delivered to Secured Party by or on behalf of Debtor are and will be genuine and in all respects what they purport and appear to be.

The delivery at any time by Debtor to Secured Party of Collateral or of additional specific descriptions of certain Collateral shall constitute a representation and warranty by Debtor to Secured Party hereunder that the representations and warranties of this Paragraph 6 are true and correct with respect to each item of such Collateral.

7. Certain Covenants. Until the Obligation is paid and performed in full, unless Debtor receives a prior written notification from Secured Party that Secured Party does not object to a deviation, Debtor covenants and agrees with Secured Party that Debtor will: (a) Maintain, at the place where Debtor is entitled to receive notices hereunder, a current record of where all Collateral is located, permit representatives of Secured Party at any time during normal business hours to inspect and make abstracts from such records, and furnish to Secured Party, at such intervals as Secured Party may request, such documents, lists, descriptions, certificates, and other information as may be necessary or proper to keep Secured Party informed with respect to the identity, location, status, condition, and value of the Collateral; (b) promptly notify Secured Party of any

change in any fact or circumstances represented or warranted by Debtor with respect to any of the Collateral or Obligation; (c) promptly notify Secured Party of any claim, action, or proceeding affecting title to all or any of the Collateral or the Security Interest and, at the request of Secured Party, appear in and defend, at Debtor's expense, any such action or proceeding; (d) hold in trust for Secured Party all Collateral that is chattel paper, instruments, or documents at any time received by Debtor and promptly deliver same to Secured Party unless Secured Party at its option (which may be evidenced only by a writing signed by Secured Party stating that Secured Party elects to permit Debtor to so retain) permits Debtor to retain the same, but any chattel paper, instruments, or documents so retained shall be marked to state that they are assigned to Secured Party (but the failure of same to be so marked shall not impair the Security Interest thereon); (e) Debtor shall promptly, when requested by Secured Party, deliver to Secured Party financial statements showing the financial condition and results of operations of Debtor as of, and for the period requested, which financial statements shall be prepared in such form and detail as Secured Party may request, and shall be in conformity with generally accepted accounting principles applied on a basis consistent with that of preceding periods; (f) Debtor shall promptly pay all reasonable costs, fees, and expenses paid or incurred by Secured party incident to this agreement (including the reasonable fees and expenses of counsel to Secured Party in connection with the negotiation, preparation, and execution of this agreement and any amendment to this agreement) or to the enforcement of the obligations of Debtor or to the exercise of any rights (including, but not limited to, reasonable attorneys' fees and court costs), all of which shall be and become a part of the Obligation; (g) not sell, lease, or otherwise dispose of, or permit the sale, lease, or disposition of, any Collateral, other than leases of all or part of the Collateral, from time to time, to other railroad companies for terms in each case not to exceed one year; (h) not create, incur, or suffer or permit to be created or incurred or to exist any Lien upon or against any of the Collateral, except for Permitted Liens; (i) keep the Collateral that is equipment in good repair, working order, and condition and promptly make all necessary repairs or replacements to that end; (j) pay, before delinquent, all taxes lawfully levied against any of the Collateral; (k) keep the Collateral fully insured in such amounts, against such risks, and with such insurers as may be approved by Secured Party, with loss payable to Secured Party (under a standard mortgagee clause) as its interest may appear; maintain such other insurance as Secured Party may request, including, but not limited to, liability insurance, in such amounts and with such insurers as may be acceptable to Secured Party; and at least once in each twelve-month period (and more frequently at the request of Secured Party) furnish to Secured Party satisfactory proof of the maintenance of such insurance and the payment of premiums thereon, and, if requested by Secured Party, deposit with Secured Party the policies or certificates evidencing such insurance (notwithstanding the foregoing, it is agreed, however, that Debtor shall be entitled to follow its customary procedure of self-insuring the first \$750,000 of casualty loss to its equipment, including the Collateral, provided that, upon a casualty loss or damage to the Collateral, Debtor shall promptly pay to Secured Party, as a mandatory prepayment of the Obligation, an amount equal to such casualty loss or damage, not to exceed the Obligation); (l) at Debtor's expense and Secured Party's request, before or after a Default, file or cause to be filed such applications and take such other actions as Secured Party may request to obtain the consent or approval of any Tribunal (including, without limitation, the Interstate Commerce Commission) to the Secured Party's rights hereunder, including, without limitation, the right to sell all the Collateral upon a Default without additional consent or approval from such Tribunal (and, because Debtor agrees that Secured Party's remedies at law for failure of Debtor to comply with this provision would be inadequate and that such failure would not be adequately compensable in damages, Debtor agrees that its covenants in this provision may be specifically enforced); (m) from

time to time promptly execute and deliver to Secured Party all such other assignments, certificates, supplemental documents, and financing statements, and do all other acts or things as Secured Party may reasonably request in order to more fully create, evidence, perfect, continue, and preserve the priority of the Security Interest; (n) for any Collateral that is an accession which has been attached to other goods prior to the perfection of the Security Interest, furnish Secured Party, upon demand, a disclaimer of interest in each such accession and a consent in writing to the Security Interest of Secured Party therein, signed by all persons and entities having any interest in such accession by virtue of any interest in the other goods to which such accession has been attached; (o) if certificates of title are issued or outstanding with respect to any of the Collateral, cause the Security Interest to be properly noted thereon; (p) not use any of the Collateral, or permit the same to be used, for any unlawful purpose or in any manner inconsistent with the provisions or requirements of any policy of insurance thereon; (q) not modify or substitute, or permit the modification or substitution of, any contract to which any of the Collateral which is accounts relates; and (r) not relocate Debtor's principal place of business, chief executive office, or place where Debtor's books and records related to accounts are kept, or otherwise relocate any of the other Collateral to a county, parish, or state other than as indicated above unless prior thereto Debtor (i) gives Secured Party 30 days prior written notice of such proposed relocation (such notice to include, without limitation, the name of the county or parish and state into which such relocation is to be made) and (ii) (unless the relocation is to a jurisdiction in which existing financing statements or other required filings have previously been made to perfect the Security Interest in such Collateral) executes and delivers all such additional documents and performs all additional acts as Secured Party in its sole discretion may request in order to continue or maintain the existence and priority of the Security Interest in such Collateral.

8. Default. The term "Default," as used herein, means the occurrence of any one or more of the following events (including the passage of time, if any, specified therefor): (a) The failure or refusal of Debtor to pay principal of or interest on the Obligation, or any part thereof, as the same become due in accordance with the terms of the Related Papers; (b) the failure or refusal of Debtor to punctually and properly perform, observe, and comply with any covenant, agreement, or condition contained in any of the Related Papers (other than covenants to pay the Obligation) and such failure or refusal continues for a period of 30 days after Debtor has, or with the exercise of reasonable diligence should have, notice thereof; (c) Debtor or any guarantor of any of the Obligation shall become insolvent, fail to pay its debts generally as they become due, voluntarily seek, consent to, or acquiesce in the benefit or benefits of any Debtor Relief Law, or become a party to (or be made the subject of) any proceeding provided for by any Debtor Relief Law, other than as a creditor or claimant, that could suspend or otherwise adversely affect the rights of the Secured Party granted in the Related Papers (unless, in the event such proceeding is involuntary, the petition instituting same is dismissed within 60 days of the filing of same); (d) the failure to have discharged within a period of 30 days after the commencement thereof any attachment, sequestration, or similar proceeding against any of the assets of Debtor; (e) Debtor fails to pay any money judgment against it at least ten days prior to the date on which any of the assets of Debtor may be lawfully sold to satisfy such judgment; (f) the acceleration by the holder thereof of the maturity of any indebtedness owed by Debtor; (g) the discovery by Secured Party of information that the prospect of payment or performance of the Obligation is materially impaired, or that the value of the Collateral has or will be materially decreased and the situation giving rise thereto is not corrected to the satisfaction of Secured Party within 20 days after notice thereof from Secured Party to Debtor; and (h) the discovery by Secured Party that any statement, representation, or warranty in the Related Papers or in any writing ever delivered to Secured Party pursuant to the Related Papers is false, misleading, or erroneous in any material respect.

9. Remedies. Should a Default occur and be continuing, Secured Party may, at its election, exercise any and all rights and remedies available to a secured party under the UCC, in addition to any and all other rights and remedies afforded by the Related Papers, at law, in equity, or otherwise, including, without limitation: (a) Declaring the entire unpaid balance of the Obligation, or any part thereof, immediately due and payable, whereupon it shall be due and payable (provided that, upon the occurrence of a Default under Paragraph 8[c], the entire Obligation shall automatically become due and payable without notice or other action of any kind whatsoever); (b) terminating its commitment to lend under any of the Related Papers; (c) reducing any claim to judgment; (d) exercising the rights of offset and/or banker's Lien against the interest of Debtor in and to every account and other property of Debtor which are in possession of Secured Party to the extent of the full amount of the Obligation; (e) foreclosing the Security Interest and any other Liens Secured Party may have and/or otherwise realizing upon any and all of the rights Secured Party may have in and to the Collateral, or any part thereof; (f) requiring Debtor to assemble all or part of the Collateral and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to Debtor and Secured Party; (g) surrendering any policies of insurance on all or part of the Collateral and receiving and applying the unearned premiums as a credit on the Obligation; (h) applying by appropriate judicial proceedings for appointment of a receiver for all or part of the Collateral (and Debtor hereby consents to any such appointment); (i) applying to the Obligation any cash held by Secured Party under this agreement, and (j) bringing suit or other proceedings before any Tribunal either for specific performance of any covenant or condition contained in any of the Related Papers or in aid of the exercise of any right granted to Secured Party in any of the Related Papers.

10. Other Rights of Secured Party.

(a) Notice. Reasonable notification of the time and place of any public sale of the Collateral, or reasonable notification of the time after which any private sale or other intended disposition of the Collateral is to be made, shall be sent to Debtor and to any other person or entity entitled to notice under the UCC; provided that if any of the Collateral threatens to decline speedily in value or is of the type customarily sold on a recognized market, Secured Party may sell or otherwise dispose of the Collateral without notification, advertisement, or other notice of any kind. It is agreed that notice sent or given not less than five calendar days prior to the taking of the action to which the notice relates is reasonable notification and notice for the purposes of this subparagraph.

(b) Application of Proceeds. Secured Party shall apply the proceeds of any sale or other disposition of the Collateral under this agreement in the following order: First, to the payment of all its expenses incurred in retaking, holding, and preparing any of the Collateral for sale(s) or other disposition, in arranging for such sale(s) or other disposition, and in actually selling or disposing of the same (all of which are part of the Obligation); second, toward repayment of amounts expended by Secured Party under other provisions of this agreement; and third, toward payment of the balance of the Obligation in such order and manner as Secured Party, in its discretion, may deem advisable. Any surplus remaining shall be delivered to Debtor or as a court of competent jurisdiction may direct. If the proceeds are insufficient to pay the Obligation in full, Debtor shall remain liable for any deficiency.

(c) Performance. In the event Debtor shall fail to keep the Collateral in good repair, working order, and condition as required in this agreement, or to pay when due all taxes on any of the Collateral, or to preserve the priority of the Security Interest in any of the Collateral, or to keep the Collateral insured as required by this agreement, or otherwise fail to perform any of its obligations under the Related Papers with respect to the Collateral, then Secured Party may, at its option, but without being required to do so, make such repairs, pay such taxes, prosecute or defend any suits in relation to the Collateral, and/or insure and keep insured the Collateral in any amount deemed appropriate by Secured Party, and/or take all other action which Debtor is required, but has failed or refused, to take under the Related Papers. Any sum which may be expended or paid by Secured Party under this subparagraph (including, without limitation, court costs and attorneys' fees) shall bear interest from the dates of expenditure or payment at the Highest Lawful Rate until paid and, together with such interest, shall be payable by Debtor to Secured Party upon demand and shall be part of the Obligation.

(d) Use and Operation of Collateral. Should any Collateral come into the possession of Secured Party, Secured Party may use or operate such Collateral for the purpose of preserving it or its value pursuant to the order of a court of appropriate jurisdiction or in accordance with any other rights held by Secured Party in respect of such Collateral. Debtor covenants to promptly reimburse and pay to Secured Party, at Secured Party's request, the amount of all reasonable expenses (including, without limitation, the cost of any insurance and payment of taxes or other charges) incurred by Secured Party in connection with its custody and preservation of Collateral, and all such expenses, costs, taxes, and other charges shall bear interest at the Highest Lawful Rate until repaid and, together with such interest, shall be payable by Debtor to Secured Party upon demand and shall become part of the Obligation. However, the risk of accidental loss or damage to, or diminution in value of, Collateral is on Debtor, and Secured Party shall have no liability whatever for failure to obtain or maintain insurance, nor to determine whether any insurance ever in force is adequate as to amount or as to the risks insured. With respect to Collateral that is in the possession of Secured Party, Secured Party shall have no duty to fix or preserve rights against prior parties to such Collateral and shall never be liable for any failure to use diligence to collect any amount payable in respect of such Collateral, but shall be liable only to account to Debtor for what it may actually collect or receive thereon. The provisions of this subparagraph shall be applicable whether or not a Default has occurred and is continuing.

(e) Purchase Money Collateral. To the extent that Secured Party has advanced or will advance funds to or for the account of Debtor to enable Debtor to purchase or otherwise acquire rights in Collateral, Secured Party, at its option, may pay such funds (i) directly to the person or entity from whom Debtor will make such purchase or acquire such rights, or (ii) to Debtor, in which case Debtor covenants to promptly pay the same to such person or entity, and forthwith furnish to Secured Party evidence satisfactory to Secured Party that such payment has been made from the funds so provided by Secured Party for such payment.

(f) Subrogation. If any of the Obligation is given in renewal or extension or applied toward the payment of indebtedness secured by any Lien, Secured Party shall be, and is hereby, subrogated to all of the rights, titles, interests, and Liens securing the indebtedness so renewed, extended, or paid.

(g) Indemnification. Debtor hereby assumes all liability for the Collateral, for the Security Interest, and for any use, possession, maintenance, and management of, all or any of the Collateral, including, without limitation, any taxes arising as a result of, or in connection with, the transactions contemplated herein, and agrees to assume liability for, and to indemnify and hold Secured Party harmless from and against, any and all claims, causes of action, or liability, for injuries to or deaths of persons and damage to property, howsoever arising from or incident to such use, possession, maintenance, and management, whether such persons be agents or employees of Debtor or of third parties, or such damage be to property of Debtor or of others. Debtor agrees to indemnify, save, and hold Secured Party harmless from and against, and covenants to defend Secured Party against, any and all losses, damages, claims, costs, penalties, liabilities, and expenses, including, without limitation, court costs and attorneys' fees, howsoever arising or incurred because of, incident to, or with respect to Collateral or any use, possession, maintenance, or management thereof.

11. Miscellaneous.

(a) Term. Upon full and final payment and performance of the Obligation, this agreement shall thereafter terminate upon receipt by Secured Party of Debtor's written notice of such termination; provided that no Obligor, if any, on any of the Collateral shall ever be obligated to make inquiry as to the termination of this agreement, but shall be fully protected in making payments directly to Secured Party.

(b) Actions Not Releases. The Security Interest and Debtor's obligations and Secured Party's rights hereunder shall not be released, diminished, impaired, or adversely affected by the occurrence of any one or more of the following events: (i) The taking or accepting of any other security or assurance for any or all of the Obligation; (ii) any release, surrender, exchange, subordination, or loss of any security or assurance at any time existing in connection with any or all of the Obligation; (iii) the modification of, amendment to, or waiver of compliance with any terms of any of the other Related Papers without the notification or consent of Debtor, except as required therein (the right to such notification and/or consent being herein specifically waived by Debtor); (iv) the insolvency, bankruptcy, or lack of corporate or trust power of any party at any time liable for the payment of any or all of the Obligation, whether now existing or hereafter occurring; (v) any renewal, extension, and/or rearrangement of the payment of any or all of the Obligation, or any adjustment, indulgence, forbearance, or compromise that may be granted or given by Secured Party to Debtor; (vi) any neglect, delay, omission, failure, or refusal of Secured Party to take or prosecute any action in connection with any other agreement, document, guaranty, or instrument evidencing, securing, or assuring the payment of all or any of the Obligation; (vii) any failure of Secured Party to notify Debtor of any renewal, extension, or assignment of the Obligation or any part thereof, or the release of any security, or of any other action taken or refrained from being taken by Secured Party against Debtor, it being understood that, except for notices otherwise specifically required by the terms of this agreement, Secured Party shall not be required to give Debtor any notice of any kind under any circumstances whatsoever with respect to or in connection with the Obligation, including, without limitation, notice of acceptance of this security agreement and/or any Collateral ever delivered to or for the account of Secured Party hereunder; (viii) the illegality, invalidity, or unenforceability of all or any part of the Obligation against any party obligated with respect thereto by reason of the fact that the Obligation, and/or the interest paid or payable with respect thereto, exceeds

the amount permitted by Law, the act of creating the Obligation, or any part thereof, is ultra vires, or the officers, partners, or trustees creating same acted in excess of their authority, or for any other reason; or (ix) if any payment by any party obligated with respect thereto is held to constitute a preference under applicable Laws or for any other reason Secured Party is required to refund such payment or pay the amount thereof to someone else.

(c) Waivers. Except to the extent expressly otherwise provided herein or in other Related Papers, Debtor waives (i) any right to require Secured Party to proceed against any other person or entity, to exhaust its rights in Collateral, or to pursue any other right which Secured Party may have; (ii) with respect to the Obligation, presentment and demand for payment, protest, notice of protest and nonpayment, and notice of the intention to accelerate; and (iii) all rights of marshaling in respect of any and all of the Collateral.

(d) Financing Statement. Secured Party shall be entitled at any time to file this agreement or a carbon, photographic, or other reproduction of this agreement, as a financing statement, but the failure of Secured Party to do so shall not impair the validity or enforceability of this agreement.

(e) Information. Except as otherwise provided by law, the charge of Secured Party for furnishing each statement of account or each list of Collateral shall be \$10.00.

(f) Captions; Arrangements; References. The headings, captions, and arrangements used herein are, unless specified otherwise, for convenience only and shall not be deemed to limit, amplify, or modify the terms hereof nor affect the meaning thereof. Whenever herein the singular number is used, the same shall include the plural where appropriate, and vice versa; and words of any gender herein shall include each other gender where appropriate. The words "herein," "hereof," and "hereunder," and other words of similar import refer to this agreement as a whole and not to any particular part or subdivision hereof. Reference herein to "Paragraphs" are to paragraphs or subparagraphs of this agreement

(g) Communications. Unless specifically otherwise provided, whenever this agreement requires or permits any consent, approval, notice, request, or demand from one party to another, such communication must be in writing to be effective and shall be deemed to have been given on the day actually delivered or, if mailed, on the third Business Day after it is enclosed in an envelope, addressed to the party to be notified at the address stated below, properly stamped, sealed, and deposited in the appropriate official postal service. Until changed by written notice pursuant hereto, the address for each party for purposes hereof is as follows:

Missouri-Kansas-Texas
Railroad Company
701 Commerce Street
Dallas, Texas 75202
Attention: Mr. Karl R. Ziebarth,
Executive Vice President

First City Bank of Dallas
1201 Main Street
P. O. Box 50688
Dallas, Texas 75250
Attention: Mr. Dewain V. Hill,
Vice President

(h) Form and Number of Documents. Each agreement, document, instrument, or other writing to be furnished to Secured Party under any provision of this agreement must be in form and substance and in such number of counterparts as may be satisfactory to Secured Party and its counsel.

(i) Exceptions to Covenants. Debtor shall not be deemed to be permitted to take any action or fail to take any action which is permitted as an exception to any of the covenants contained herein if such action or omission would result in the breach of any other covenant contained herein.

(j) Survival. All covenants, agreements, undertakings, representations, and warranties herein shall survive all closings hereunder and, except as otherwise indicated, shall not be affected by any investigation made by any party.

(k) Governing Laws. This agreement is being executed and delivered, and is intended to be performed, in the State of Texas, and the Laws of such state and of the United States of America shall govern the rights and duties of the parties hereto and the validity, construction, enforcement, and interpretation hereof.

(l) Maximum Interest Rate. Regardless of any provision contained in any of the Related Papers, Secured Party shall never be entitled to receive, collect, or apply, as interest on the Obligation, any amount in excess of the Highest Lawful Rate, and, in the event Secured Party ever receives, collects, or applies as interest, any such excess, such amount which would be excessive interest shall be deemed a partial prepayment of principal and treated hereunder as such; and, if the principal of the Obligation is paid in full, any remaining excess shall forthwith be paid to Debtor. In determining whether or not the interest paid or payable, under any specific contingency, exceeds the Highest Lawful Rate, Debtor and Secured Party shall, to the maximum extent permitted under applicable Law (a) characterize any nonprincipal payment as an expense, fee, or premium rather than as interest, (b) exclude voluntary prepayments and the effects thereof, and (c) "spread" the total amount of interest throughout the entire contemplated term of the Obligation; provided that, if the Obligation is paid and performed in full prior to the end of the full contemplated term thereof, and if the interest received for the actual period of existence thereof exceeds the Highest Lawful Rate, Secured Party shall not be subject to any penalties provided by any Laws for contracting for, charging, taking, reserving, or receiving interest in excess of the Highest Lawful Rate. To the extent the Laws of the State of Texas are applicable for purposes of determining the "Highest Lawful Rate," such term shall mean the "indicated rate ceiling" from time to time in effect under Article 1.04, Title 79, Revised Civil Statutes of Texas, as amended.

(m) Invalid Provisions. If any provision hereof is held to be illegal, invalid, or unenforceable under present or future Laws effective during the term hereof, such provision shall be fully severable; this agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part hereof; and the remaining provisions hereof shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance herefrom. Furthermore, in lieu of such illegal, invalid, or unenforceable provision there shall be added automatically as a part hereof a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.

(n) Amendments. This instrument may be amended only by an instrument in writing executed jointly by Debtor and Secured Party, and supplemented only by documents delivered or to be delivered in accordance with the express terms hereof.

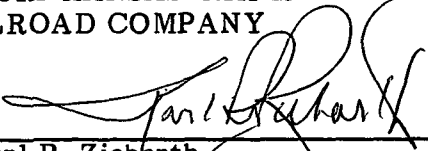
(o) Multiple Counterparts. This agreement has been executed in a number of identical counterparts, each of which shall be deemed an original for all purposes and all of which constitute, collectively, one agreement; but, in making proof of this agreement, it shall not be necessary to produce or account for more than one such counterpart.

(p) Parties Bound; Assignment. This agreement shall be binding on Debtor and Debtor's successors and assigns and shall inure to the benefit of Secured Party and Secured Party's successors and assigns. Debtor may not, without the prior written consent of Secured Party, assign any rights, duties, or obligations hereunder. In the event of an assignment of all or part of the Obligation, the Security Interest and other rights and benefits hereunder, to the extent applicable to the part of the Obligation so assigned, may be transferred therewith.

EXECUTED as of the day and year first herein set forth.

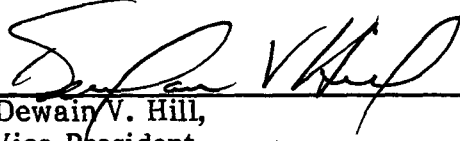
MISSOURI-KANSAS-TEXAS
RAILROAD COMPANY

By


Karl R. Ziebarth,
Executive Vice President

FIRST CITY BANK OF DALLAS

By


Dewain V. Hill,
Vice President

THE STATE OF TEXAS §

COUNTY OF DALLAS §

This instrument was acknowledged before me on March 11, 1983, by KARL R. ZIEBARTH, an Executive Vice President of MISSOURI-KANSAS-TEXAS RAILROAD COMPANY, a Delaware corporation, on behalf of such corporation.



Virginia A. Schoeneberger
Notary Public in and for
the State of Texas
Virginia A. Schoeneberger

My Commission Expires:

March 24, 1986

THE STATE OF TEXAS §

COUNTY OF DALLAS §

This instrument was acknowledged before me on March 11, 1983, by DEWAIN V. HILL, a Vice President of FIRST CITY BANK OF DALLAS, a Texas banking corporation, on behalf of such corporation.

Susan E. Wimmer
Notary Public in and for
the State of Texas

My Commission Expires:

May 20, 1986

SCHEDULE I

SPECIFIC DESCRIPTION OF ROLLING CARS

The 27 used or second-hand, flat railroad cars, with friction-bearing trucks, equipped with racks, rollers, and other pieces of machinery consisting of 24 rail-hauling cars and 3 rail-letdown and threader cars, bearing (or previously bearing) the following Chicago, Rock Island and Pacific Railroad Company reporting marks and numbers:

Rail-hauling cars

RI-97126 and 97127
RI-97129 through 97135 inclusive
RI-97137 through 97140 inclusive
RI-97142
RI-97144 through 97149 inclusive
RI-97152 through 97154 inclusive
RI-97156

Rail-letdown and threader cars

RI-97136
RI-97151
RI-97157

and now bearing (or to bear) the following Missouri-Kansas-Texas Railroad Company reporting marks and numbers:

M-100500 through M-100526, inclusive